Industry Trends

2016 State of Hyperconverged Infrastructure

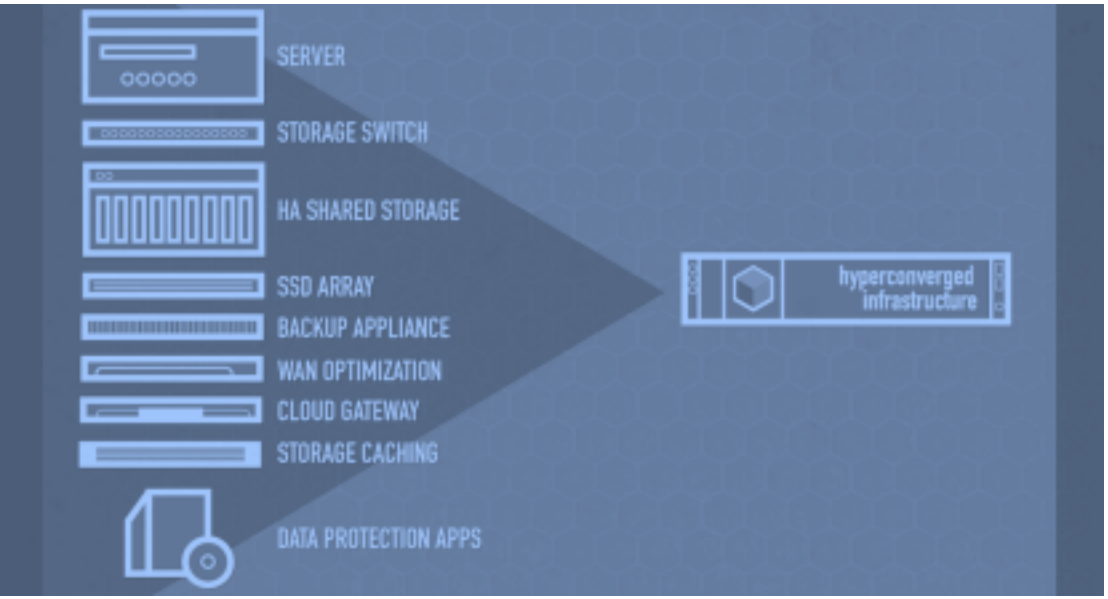
Channel Insights | June 2016

ActualTech Media

In partnership with simplivity™

Hyperconverged Infrastructure

Hyperconverged infrastructure is a virtual computing infrastructure solution that seamlessly combines several data center services in an appliance form factor, which accelerates the speed and agility of deploying virtualized workloads, reduces complexity, improves operational efficiency, and lowers costs.



Hyperconverged infrastructure is characterized by:

- A software-centric design;
- Commodity x86 hardware components that combine hypervisor, compute, storage, and storage switching with other IT services in the stack, such as data protection, effectively eliminating the need for discrete IT components;
- A single "building block" appliance that, when combined with additional building blocks, provides a single, scalable resource pool, and seamlessly scales in capacity and performance;
- A high degree of automation;
- The ability to manage aggregated resources as efficiently as possible within and across data centers as a single federated system and through a common toolset;
- Design, delivery and support by a single vendor.

Executive Summary & Research Objectives

Executive Summary

Hyperconverged infrastructure support from the channel community is robust. Seventy-two percent (72%) of polled channel respondents are currently supporting hyperconverged infrastructure in some way. There are a number of key observations that we have gleaned from our survey of almost 250 channel and service providers worldwide:

- Of the 28% of channel respondents that have yet to begin supporting hyperconvergence, only 34% plan to do so within the next two years. The channel appears to be approaching saturation. This is good news for end users, who will have ample choice for support.
- IT consultants are far less likely than other channel types to add support for hyperconverged infrastructure.
- Channel partners still have work to do when it comes to supporting specific customer workloads; end users identified several workload types for hyperconverged infrastructure that resellers do not currently provide support for.
- There is significant synergy between the deployment drivers cited by end users and the drivers that the channel respondents believe to be true.

Research Objectives

For the second year, ActualTech Media and SimpliVity have partnered to research the hyperconverged infrastructure market to determine current state and to identify trends.

Specifically, with this project, we are attempting to:

- Determine the current penetration of hyperconverged infrastructure in the global reseller/service provider market;
- Identify where there may be a mismatch in requirements and expectations between the channel and end users;
- Understand the kinds of trends we my see in the future with regard to support for hyperconverged infrastructure in the channel.

Introduction

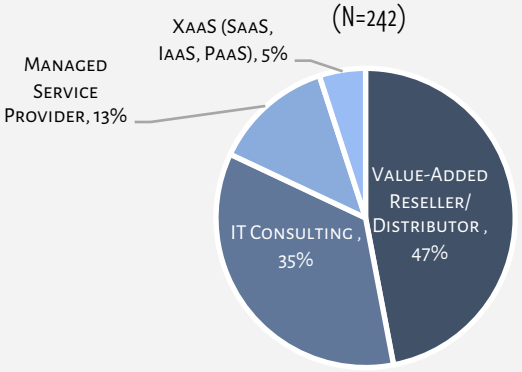
ActualTech Media surveyed almost 250 service providers. Forty-seven percent (47%) of our channel respondents are value added resellers. Another 35% of our channel respondents are in IT consulting. Balancing out our results – 13% are managed service providers (MSPs) and 5% are cloud service providers.

We based channel respondent size on their overall revenues. For this report, 47% of respondents represent organizations with less than $50 million in revenue. From there, the individual segments are relatively even represented, culminating with 13% of respondents from organizations making over $1 billion.

As would be expected with channel organizations mostly on the smaller end of the scale, they also represent smaller companies. Thirty-nine percent (39%) of the customers of service providers have fewer than 100 employees.

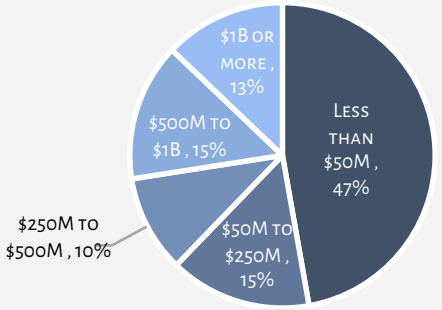
Which of the following classifications best describes your primary business model?

(N=242)



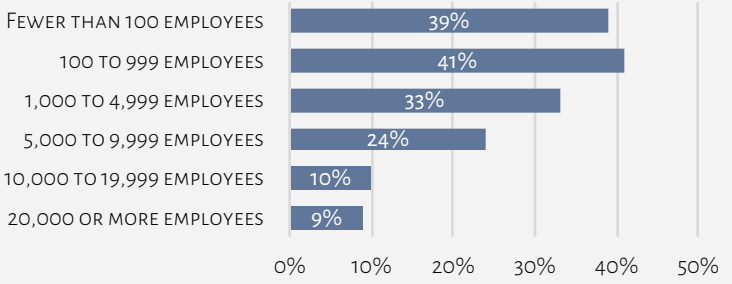
What is the size of your organization in revenue?

(N=233)



Which of the following is your target customer size?

(Multiple Responses Allowed, N=242)

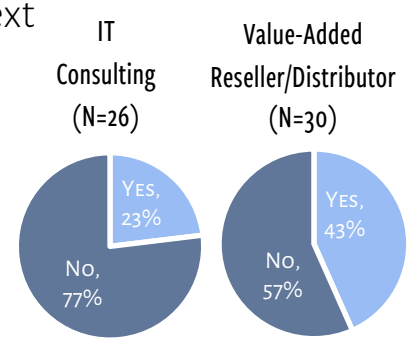


Hyperconvergence Adoption

When compared to end user adoption, channel adoption of hyperconverged infrastructure solutions is even more impressive. Seventy-two percent (72%) of those identifying as service providers say that they are currently recommending or reselling hyperconverged infrastructure solutions. End user adoption in our 2016 survey is 37%. It's clear that the channel is ahead of the end user market.

With 72% recommending or reselling hyperconverged infrastructure solutions, that leaves 28% of such organizations not yet doing so. Based on our results, we don't expect to see major adoption by those remaining service providers. Just 34% of the remaining service providers say that they plan to begin recommending or reselling hyperconverged infrastructure solutions within the next two years.

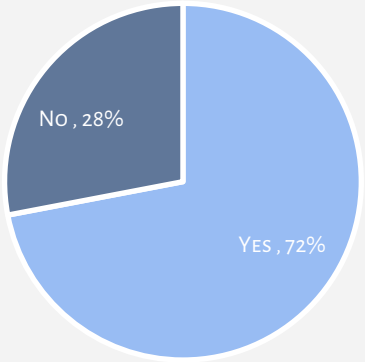
VARs are far more likely – 43% – to do so than those that identified as consultants.



Current Channel Adopters

Does your organization recommend/resell hyperconverged infrastructure?

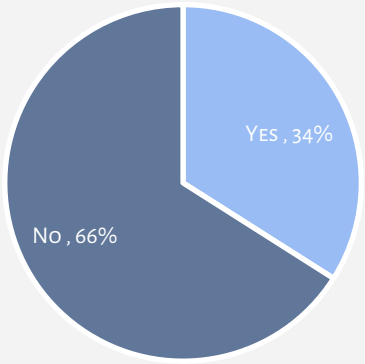
(N=198)



Channel Non-Adopters

Do you plan to recommend/resell hyperconverged infrastructure within the next two years?

(N=56)

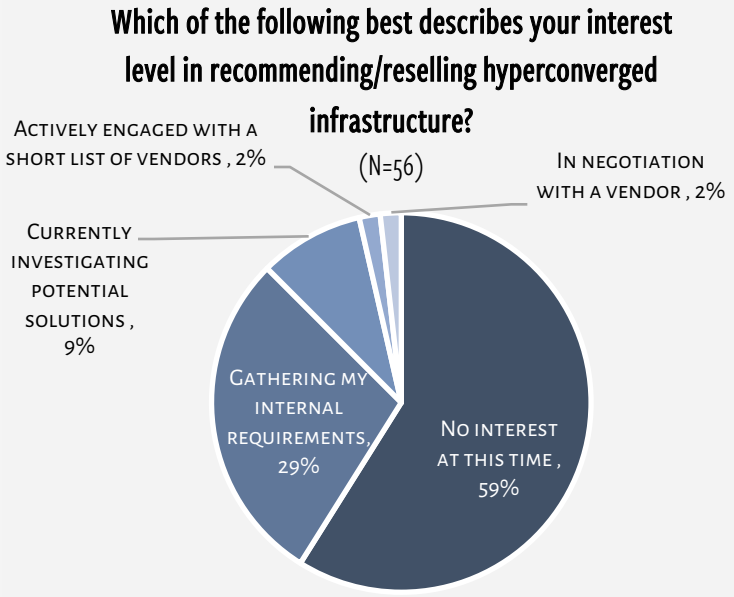


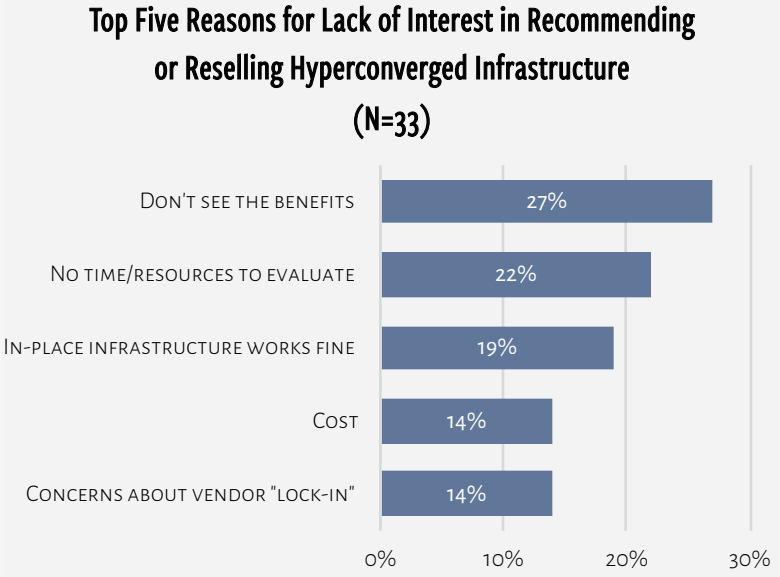
Hyperconvergence Adoption

Breaking down current non-adopters intent a bit further, we see that 59% of service providers have no interest at this time. Twenty-nine percent (29%) are gathering their internal requirements. The balance are in the process of vendor selection and negotiation.

You'll notice that the 59% with no interest at this time is 7% less than those that say that they have no intent to deploy within the next two years. It's entirely possible that the difference is covered by organizations that ultimately intend to begin selling the technology, but at some undefined point in the future.

Resellers not interested in hyperconvergence cite "don't see benefits" as their primary reason (27%). In end user responses, this response ranked eighth with 16%, indicating that there may be an education gap in the channel. In addition, the second highest reason for no interest is "no time/resources to evaluate" for channel, while, for end users, this ranked fourth. Since end users often look to channel partners as a trusted source for technology guidance, channel members should consider getting in front of this for their constituents.





Hyperconvergence Adoption

The charts on this page display the business and financial criteria that are important to those considering adding hyperconverged infrastructure to their product portfolio as well as the criteria that were important to those already reselling solution. You can see that there is alignment for the top three criteria – technical support, ease of deployment, and the cost of solution.

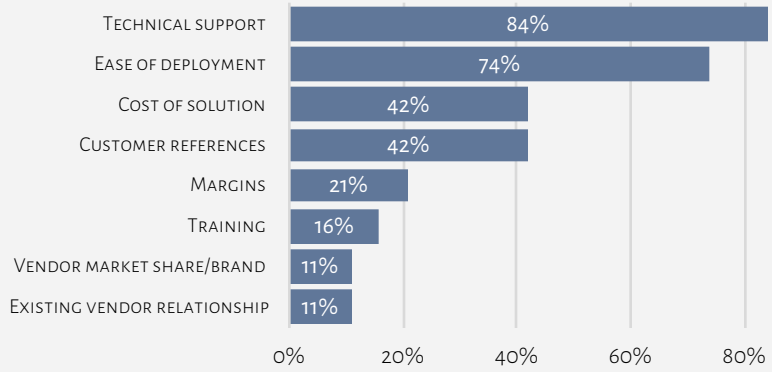
From there, those that are considering adoption place a far heavier emphasis on whether they have an existing relationship with a hyperconverged vendor – 11% for those considering adoption, and 37% for those that have already adopted. Current resellers place a premium on building relationships with hyperconverged vendors they trust.

For this reason, we believe that the fact that most hyperconverged vendors are building relationships with existing hardware/server vendors is beneficial as it provides a potential pathway for hyperconverged vendors to be introduced to possible resellers.

Planning to Adopt/Resell

For hyperconverged infrastructure vendor/solution selection, which business/financial criteria are most important in your selection process?

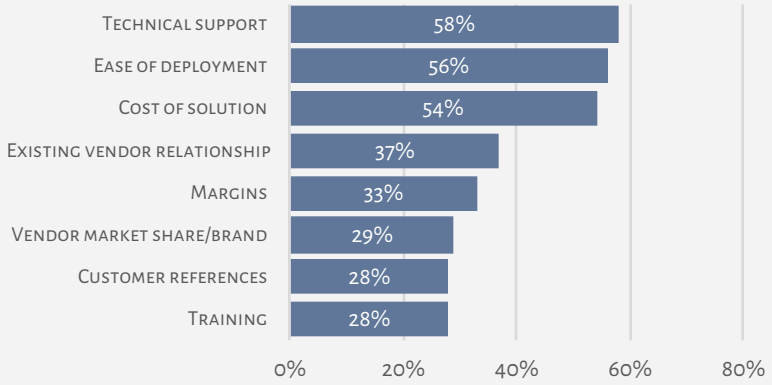
(Multiple Selections Allowed, N=19)



Current Resellers

For the hyperconverged infrastructure vendor/solution you offer, which business/financial criteria were most important in the selection process?

(Multiple Selections Allowed, N=142)



Top Six Deployment Drivers

In general, as we review the reasons that people deploy hyperconverged infrastructure, there is alignment between service providers and end user respondents, although items are ordered a bit differently. For example, among end user adopters, reducing cost (35%) was the primary original driver for deploying hyperconverged infrastructure. Service providers see a larger need for customers to improve their overall operational efficiency (31%), which is sixth place for original end user adopters (20%).

Both channel respondents and end users see the importance of using hyperconverged infrastructure to improve scalability, resolve performance issues, and replace/refresh data center hardware.

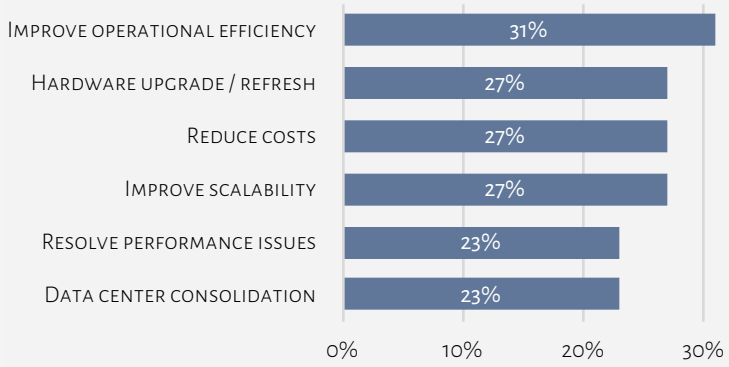
The only disagreement in the top six deployment drivers are:

- 23% of channel respondents believe end users are seeking easier ways to consolidate data centers
- 20% of end users chose hyperconverged infrastructure to improve backup and disaster recovery.

Channel Respondents

Which of the following do you believe are the primary drivers for your customers' adoption of hyperconverged infrastructure?

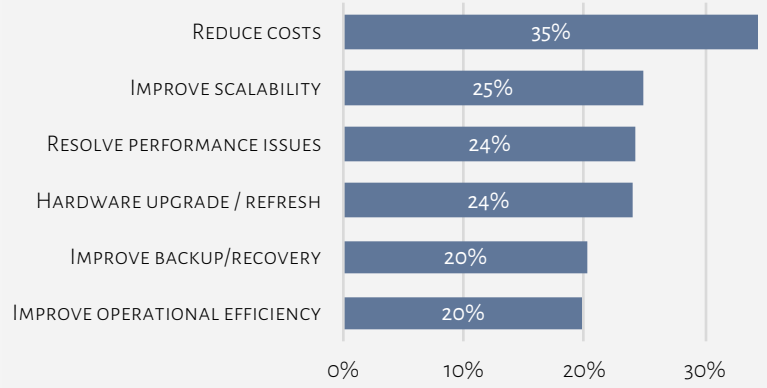
(N=142)



End User Respondents

Which of the following were the original primary drivers for adopting/deploying hyperconverged infrastructure?

(N=403)



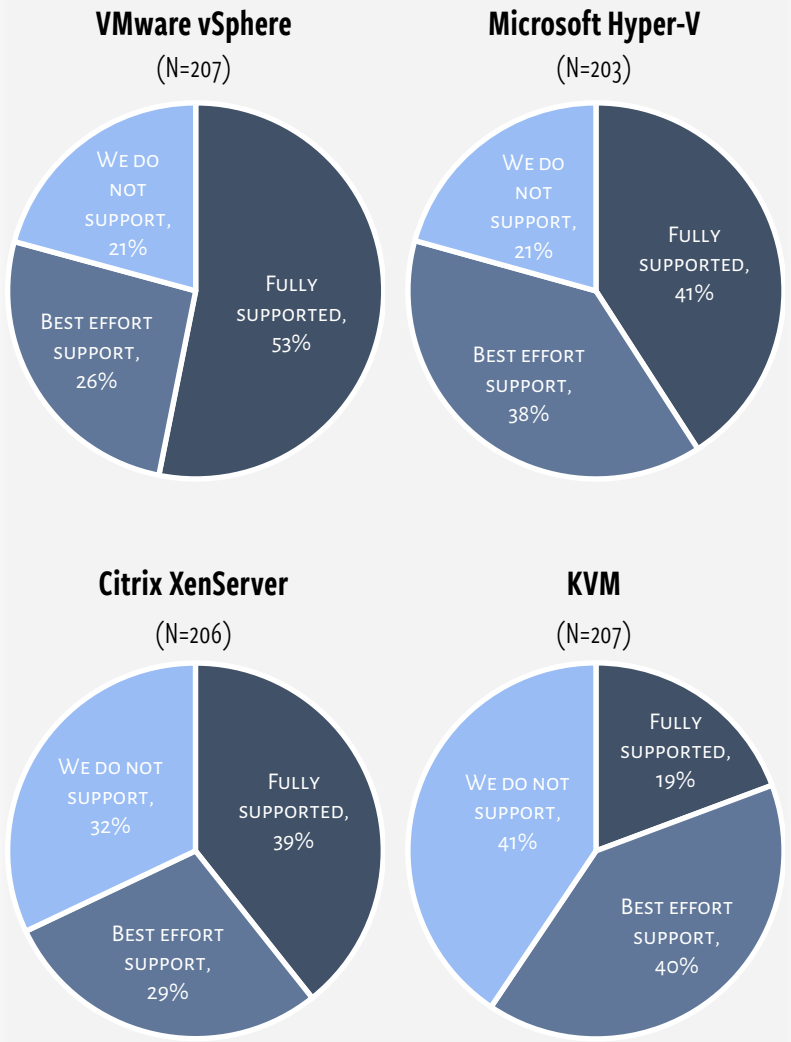
Hypervisor Support

The role of the hypervisor is changing in a significant way in the data center. Whereas VMware used to own this layer and was seen as a strategic differentiator, the hypervisor today has become heavily commoditized. Further, non-VMware alternatives have risen in popularity as they have closed the feature gap.

The data shown to the right identifies what is taking place with regard to channel-centric hypervisor support today. However, end user data shows that Hyper-V is growing in an extraordinary way, particularly among midmarket firms (those with fewer than 1,000 employees). In such environments, vSphere is beginning to decline.

Channel respondents would be well-served by solidifying their support for Hyper-V so that they can be better prepared to provide services to those customers that are making the transition from vSphere to Hyper-V.

Level of Hypervisor Support

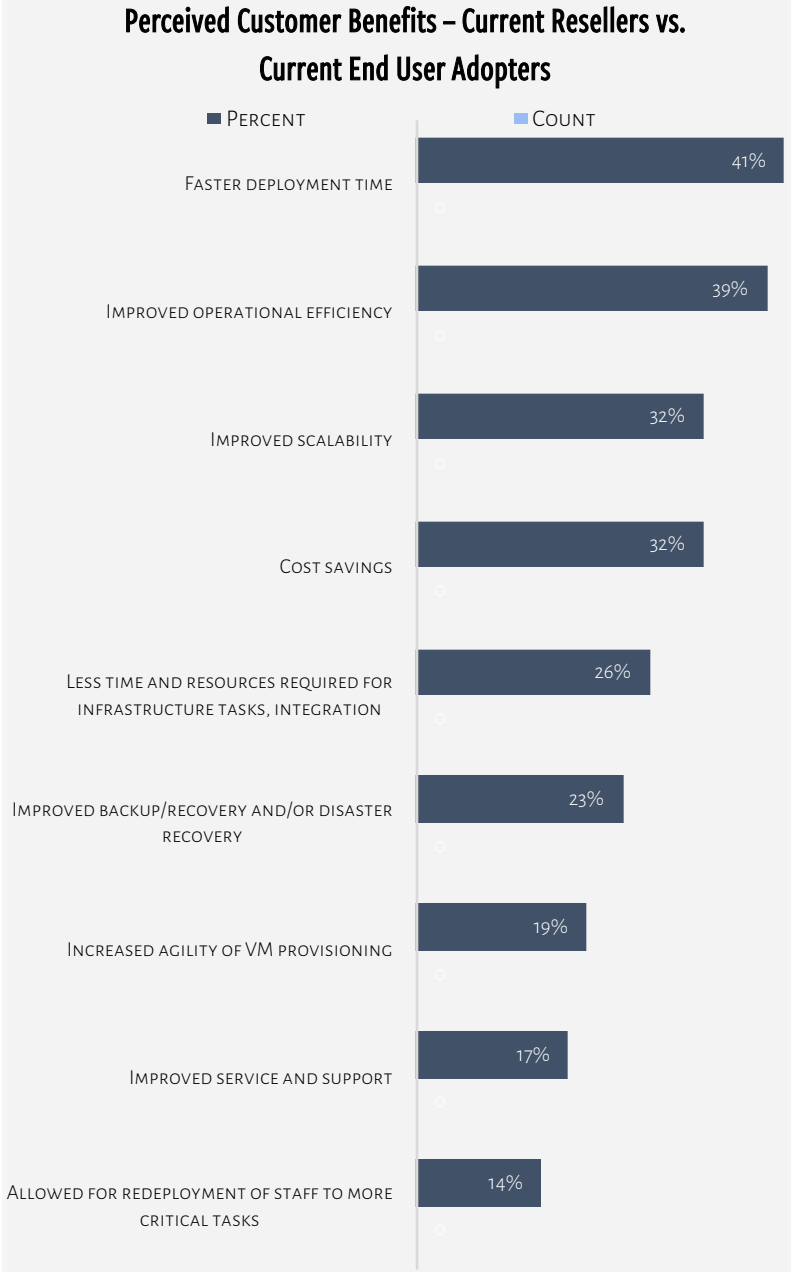


Hyperconverged Infrastructure Benefits

Hyperconverged infrastructure has the potential to provide a number of benefits to the business. The top five benefits cited by current end user adopters and listed as perceived customer benefits by channel respondents are the same, but ordered a bit differently. This indicates that both channel partners and end users are experiencing and understanding similar outcomes.

Cost is certainly one area where there is some difference in magnitude, but other factors, such as accelerated deployment times (28% difference), improved operational efficiency (33% difference), and improved scalability (17% difference) also stand out. Channel partners are far more focused on these areas than end user adopters. It is likely that these benefits are being seen by more end user adopters, but those users are more focused on the cost and staff redeployment potential.

Channel partners currently reselling hyperconverged infrastructure should make sure that they position the cost savings achieved by adopters when positioning the technology to planned end user adopters since current end user adopters cite that benefit as the top response.

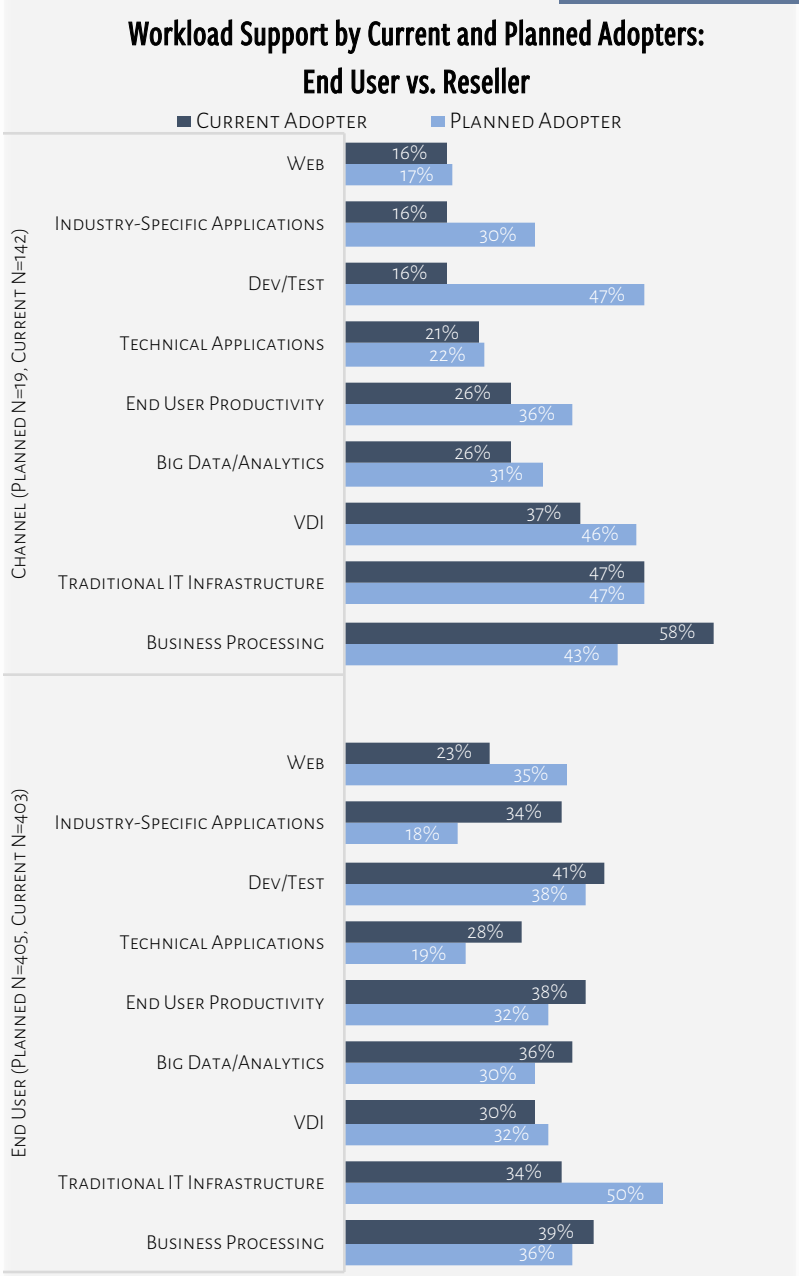


Workloads

The channel exists to support the needs of its customers. The question is this: with regard to hyperconverged infrastructure, is this happening? The top chart shows reseller adoption while the bottom chart shows end user adoption. Where a reseller line is longer than an end user line, reseller respondents are meeting the needs of end user respondents. Where the end user line is longer than the reseller line, there is a gap in channel support.

It becomes clear that the channel has work to do in a number of workload areas, including big data/analytics, end user productivity, technical application, industry-specific applications, and web.

Current channel partners are much more focused on business processing (i.e., serious applications). Planned channel adopters are more focused on VDI, dev/test, industry-specific applications, and end user productivity. Those that have moved beyond simply testing the hyperconvergence waters are far more willing to move straight to serious business workloads.



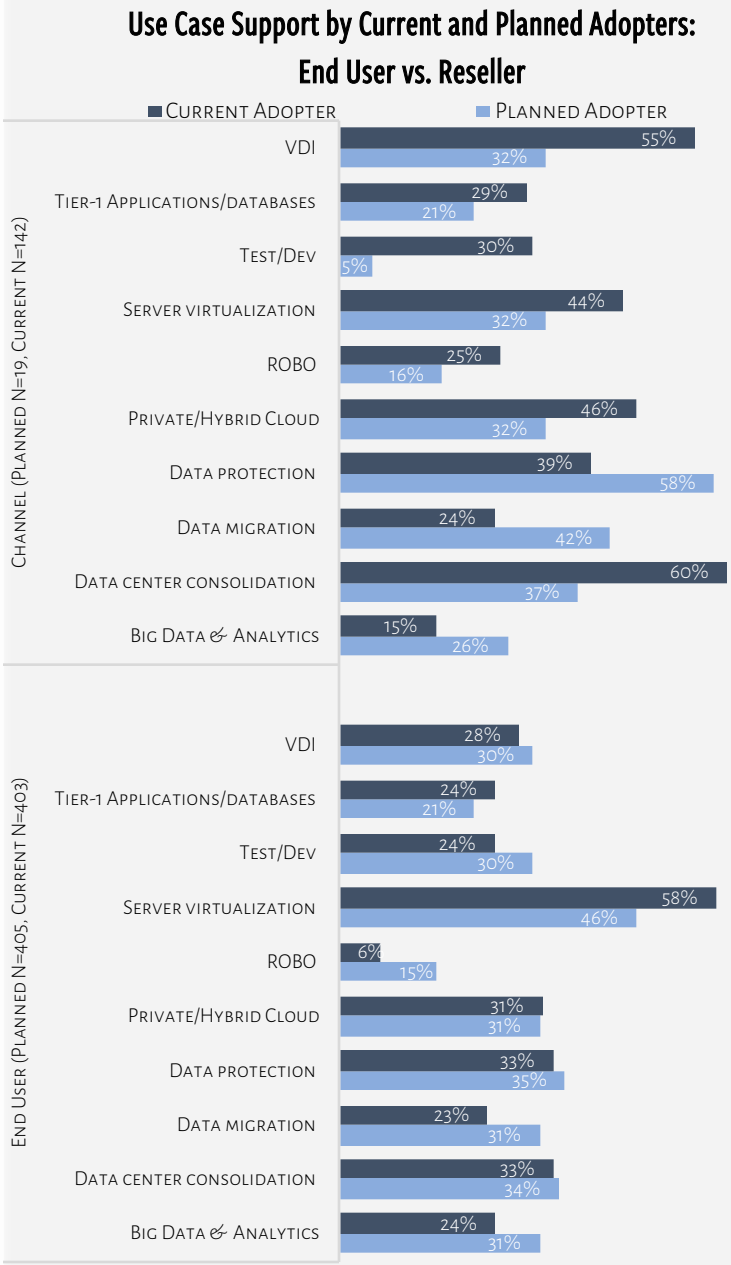
Use Cases

As is the case with workloads, it was important to discover how channel use case support aligned with – or didn't – compared to what both current end user adopters and planned end user adopters are or will be doing. To the right, note that the top chart refers to channel partners while the bottom is end users.

The channel has work to do in big data & analytics and data migration, where they lag behind end users.

It's also clear that current channel adopters still fully expect to support VDI scenarios, although that user case is being de-emphasized by end users as they apply hyperconvergence to a much broader set of use cases.

End users are also prioritizing server virtualization as a use case far more than the channel. On the other hand, the channel is prioritizing data center consolidation and data protection more than end users. The takeaway here is that there remain mixed expectations with regard to workloads that need to be resolved to maximize hyperconvergence.



Recommendations and Key Takeaways

- The channel needs to spend more time talking with their customers to determine the kinds of workloads they wish to support using hyperconverged infrastructure. There is a degree of misalignment between the workload support needs from end users and the actual workloads that channel respondents believe their customers require.
- Only 23% of IT consultants say that they will add support for hyperconverged infrastructure to their offerings in the next two years. We believe that the simplicity provided by hyperconverged infrastructure is a key reason behind this finding. Organizations do not need consultants to help them with this technology and it actually simplifies other aspects of the environment, leading to potentially lost business for these service providers. Consultants should reconsider their stance given the increasing popularity of the technology and the potential for positive business outcomes.
- There is alignment of actual benefits being experienced by end user adopters and the benefits that channel partners believe that their customers are experiencing, indicating that the technology is living up to the expectations;
- Most channel respondents not currently providing a hyperconverged infrastructure solution do not intend to add one to their portfolio over the next two years. However, bear in mind that just 28% of channel respondents are not yet reselling the technology; 34% will eventually do so, meaning that more than 80% of the channel market will ultimately resell the technology;
- The vast majority of channel respondents planning to add support for hyperconverged infrastructure do not intend to do so within the next six months. In fact, 69% won't start for more than a year.

Next Steps & Demographics

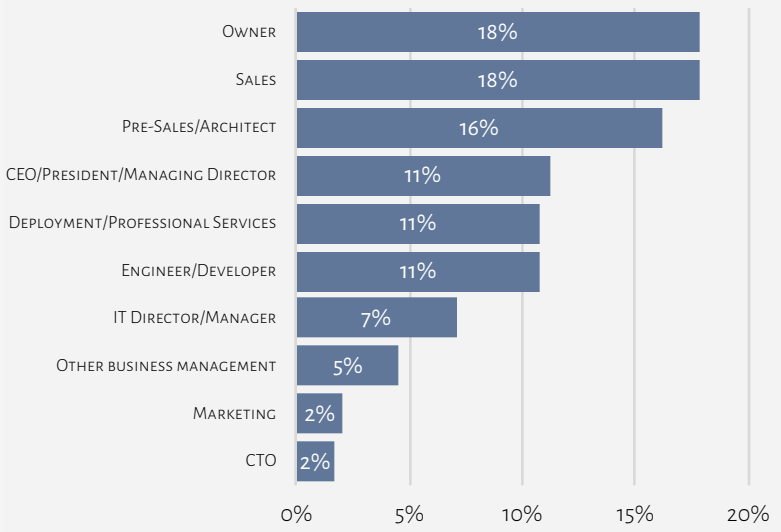
Channel respondents supporting hyperconverged infrastructure or those that are currently offering the technology need to continue their dialog with their customers in order to ensure that they are able to meet customer needs. For consultants hesitant to suggest or support the technology, there is a significant risk of irrelevance as end users discover the technology on their own.

We highly recommend that resellers also continue to enhance their support for Hyper-V. Our end user results show that Hyper-V is very quickly gaining ground in the midmarket and has surpassed VMware vSphere in some regions in the midmarket (companies with under 1,000 employees).

If you're seeking even more information about the current state of hyperconverged infrastructure, stay tuned to www.hyperconvered.org as ActualTech Media releases end user-focused results as well as a full, in-depth worldwide report.

Which best describes your functional responsibility in your organization?

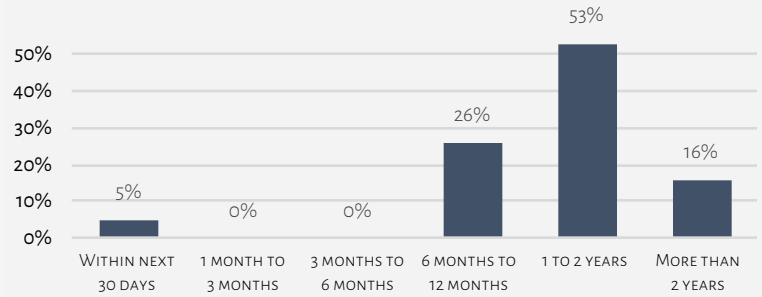
(N=241)



Non-Adopters of Hyperconverged Infrastructure

In what timeframe are you interested in recommending/reselling hyperconverged infrastructure?

(N=19)



About SimpliVity & ActualTech Media

SimpliVity

SimpliVity hyperconverged infrastructure delivers the enterprise-class performance, protection, and resiliency today's IT leaders require, with the cloud economics businesses demand. Only SimpliVity delivers convergence that goes beyond compute, storage networking, and storage to integrate all IT infrastructure and data services, including built-in data protection, below the hypervisor. SimpliVity's hyperconverged infrastructure reduces IT costs and streamlines operations with up to 3x TCO savings compared to legacy infrastructure and cloud alternatives; improves agility and time to production; and improves recovery objectives while eliminating the use of legacy data protection tools. SimpliVity customers include thousands of enterprises around the world, including mid-sized organizations and the Global 2000.

Learn more about SimpliVity at www.SimpliVity.com

ActualTech Media

ActualTech Media is comprised of well-known authors, analysts, and speakers with considerable depth and breadth of technical and IT leadership expertise. The company produces custom content assets aimed at educating IT buyers. To that end, ActualTech Media developed www.hyperconverged.org.

ActualTech Media and hyperconverged.org's mission is to help IT professionals understand the world of hyperconvergence. From time to time, the company conducts surveys designed to gather information about IT priorities, and purchase criteria for new data center architectures, such as hyperconverged infrastructure. Its reports can inform your data center strategy.

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